

Missouri Enterprise Zones

FY 2008 Annual Report



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SUMMARY

STATUTORY AUTHORITY

- Sections 135.200 to 135.270, RSMo
- Pursuant to SB 1155 (2004), the Enterprise Zone tax benefit program is being phased out of existence.

PURPOSE

To provide tax incentives which promote and facilitate the expansion of new and/or existing businesses in Missouri's many enterprise zones.

PROGRAM DESCRIPTION

The eligible project must be located in one of Missouri's "enterprise zones." Enterprise zones are specified geographic areas as set forth by statute and certified by the Department of Economic Development (DED). Designations are based on demographic eligibility and approval of a request by the local government. The number of zones that may be certified is limited by law.

Facility eligibility is determined by its primary Standard Industrial Classification (SIC) or North American Industrial Classification System (NAICS) code, and includes manufacturing, warehousing, wholesale distribution, mining, insurance, research and development, recycling operations, computer-related services, and certain office activities.

To receive credits, a facility must create at least two new jobs and make a new investment equal to or in excess of \$100,000 (\$1,000,000 for replacement facilities) in the claimed year as compared to the base year (the year prior to a facility's commencement of operations). The investment credits are based on the original cost of machinery, equipment, furniture, fixtures, land and building, and/or eight times that annual rental rate paid for the same, excluding inventory.

Credits may be issued for each of ten years after the commencement of operations, unless the life of the enterprise zone expires first. Local property tax abatement, a state income tax exemption, and state income tax credits may be provided as business incentives, based on the following factors:

- new jobs created at the facility;
- enterprise zone residents employed by the facility;
- employees classified as "difficult to employ", or special;
- training for zone residents or employees classified as difficult to employ; and
- the amount of new investment at the qualifying facility.

MISSOURI ECONOMIC IMPACT

For fiscal year 2008, the Enterprise Zone program generated over \$160 million in net new investments, and created nearly 230 net new jobs for Missouri. State costs amounted to \$15,194,162 in tax credits issued, of which \$13,712,404 have been redeemed.

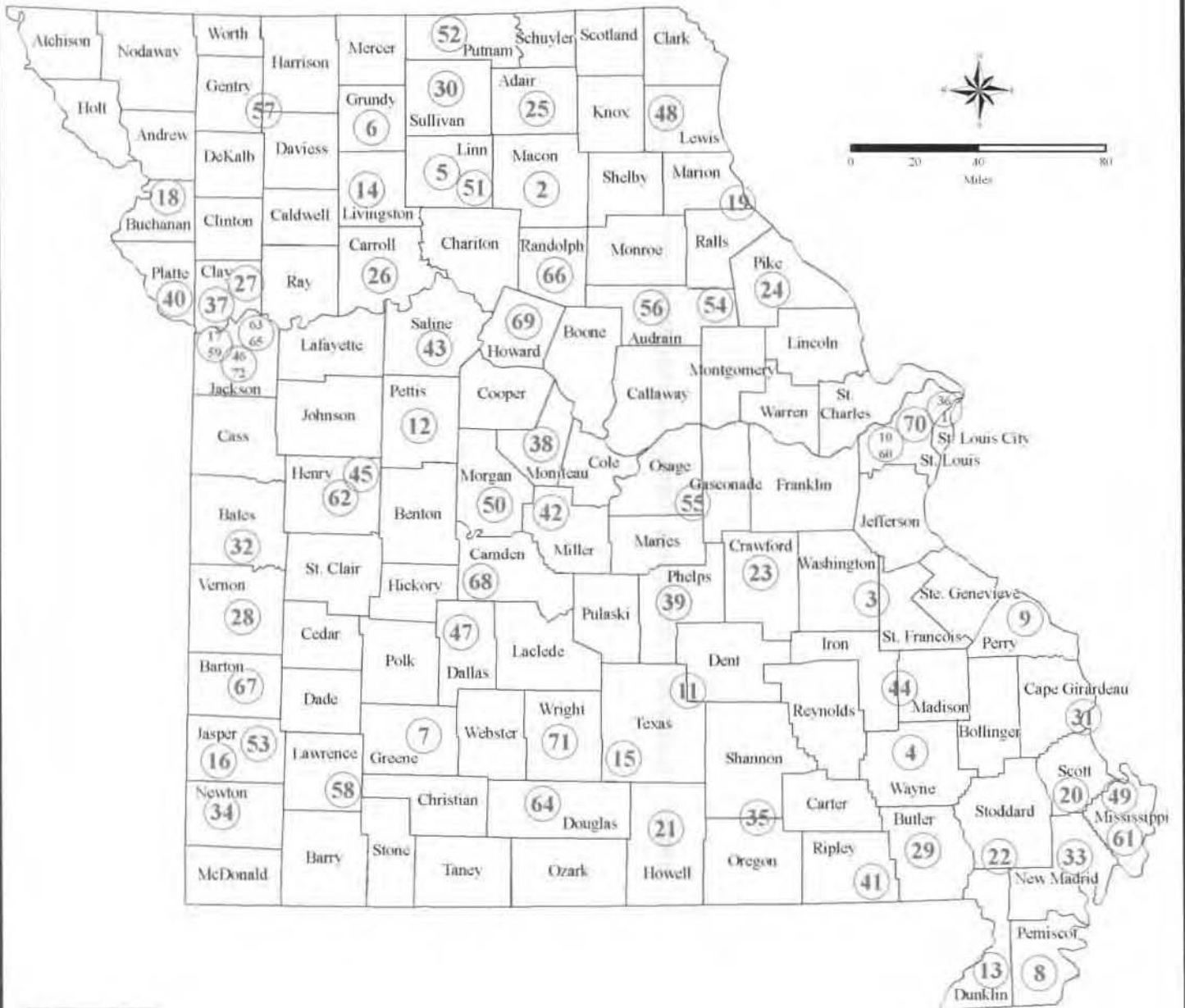
The overall state unemployment rate has risen over the past year to 6.0 percent at fiscal year end, up from 5.4 percent in June 2007. This places Missouri's unemployment rate above the national unemployment rate, which was 5.7 percent at fiscal year end for 2008.

MISSOURI ENTERPRISE ZONE PERFORMANCE

While the program generated considerable investment over fiscal year 2008, the number of businesses participating in the program continues to decrease, due primarily to zone and benefit expirations. As of June 30, 2008, 46 of the 72 enterprise zone designations had expired, with an additional 8 to follow in fiscal year 2010. Because the MO Enterprise Zone program is sunset, the Department expects to see a continuing decline in the program's economic impact as zones continue to expire.

GEOGRAPHIC DISTRIBUTION

Missouri Enterprise Zones Locations



*Zones expired as of 06/30/2008: 1, 3, 4, 6-29, and 35-53.

| Economic Impact of Missouri Enterprise Zones, Fiscal Year 2008 | | | | | | |
|---|----------------------|--|---------------------------|-----------------------------|--------------------------------|-----------------------------|
| Enterprise Zone Number and Name | Number of Facilities | Net New Investment from Previous FY ⁴ | Net New Jobs ⁴ | Zone Residents ¹ | Special Employees ² | Total Credit Issued FY 2007 |
| 1. St. Louis Midtown ³ | 1 | \$46,362.00 | 2 | 0 | 2 | \$5,100.00 |
| 2. Macon/Macon County/Callao/Bevier | 1 | \$21,814.00 | 2.33 | 7 | 0 | \$38,153.00 |
| 3. Washington County/St Francois County/ Potosi/Park Hills ³ | | | | | | |
| 4. Wayne County/Greenville/Piedmont ³ | | | | | | |
| 5. Brookfield | | | | | | |
| 6. Trenton ³ | | | | | | |
| 7. Springfield ³ | 3 | \$1,147,694.00 | 40.93 | 54 | 0 | \$92,237.00 |
| 8. Pemiscot County/Caruthersville/Steele/Hayti/Cooter ³ | | | | | | |
| 9. Perryville ³ | | | | | | |
| 10. Wellston ³ | | | | | | |
| 11. Dent County/Texas County/Salem/Licking/Houston ³ | | | | | | |
| 12. Sedalia ³ | 2 | -\$30,213.00 | -4.04 | 4 | 0 | \$24,213.00 |
| 13. Kennett ³ | | | | | | |
| 14. Chillicothe ³ | | | | | | |
| 15. Cabool ³ | 2 | \$44,268.00 | 9.52 | 64 | 0 | \$67,242.00 |
| 16. Joplin Area/Webb City ³ | 4 | \$1,997,640.00 | 16.74 | 28 | 4 | \$321,928.00 |
| 17. Kansas City ³ | 6 | \$9,320,971.00 | 45.77 | 31 | 105 | \$807,545.00 |
| 18. St. Joseph/Buchanan County ³ | 5 | \$19,274,681.00 | -16.94 | 150 | 0 | \$431,584.00 |
| 19. Hannibal ³ | 1 | \$1,911,463.00 | 2.59 | 15 | 0 | \$288,298.00 |
| 20. Sikeston ³ | | | | | | |
| 21. Howell County/West Plains/Willow Springs ³ | 1 | -\$489,493.00 | 1.59 | 13 | 0 | \$59,274.00 |
| 22. Dunklin Co./Stoddard/ Co.Malden/Bernie/Campbell/Dexter ³ | | | | | | |
| 23. Cuba/Steelville/Crawford County ³ | 1 | -\$36,583.00 | 0.08 | 6 | 0 | \$43,461.00 |
| 24. Pike ³ | | | | | | |
| 25. Kirksville ³ | 1 | \$111,074.00 | 3.5 | 5 | 0 | \$65,800.00 |
| 26. Carrollton ³ | 1 | \$678,425.00 | -4.08 | 2 | 0 | \$48,579.00 |
| 27. Excelsior Springs ³ | | | | | | |
| 28. Nevada/Vernon County ³ | 1 | \$215,525.00 | 8.25 | 9 | 0 | \$20,265.00 |
| 29. Poplar Bluff/Butler County ³ | 1 | \$9,571,442.00 | -15.59 | 292 | | \$1,826,960.00 |
| 30. Milan/Sullivan County | | | | | | |
| 31. Cape Girardeau/Cape Girardeau County | | | | | | |
| 32. Butler | | | | | | |

| Enterprise Zone Number and Name | Number of Businesses | Net New Investment from Previous FY ⁴ | Net New Jobs ⁴ | Zone Residents ¹ | Special Employees ¹ | Total Credits Issued |
|--|-------------------------|---|------------------------------|--------------------------------|-----------------------------------|-------------------------|
| 33. New Madrid | 1 | \$144,654.00 | -1.08 | 7 | 0 | \$65,601.00 |
| 34. Neosho | 1 | \$482,880.00 | -9.83 | 0 | 0 | \$184,468.00 |
| 35. Shannon County ³ | | | | | | |
| 36. St. Louis Saltellite ³ | 3 | \$2,135,729.00 | -4.83 | 15 | 11 | \$172,393.00 |
| 37. Clay County ³ | | | | | | |
| 38. California ³ | | | | | | |
| 39. Rolla ³ | 1 | -\$4,638,657.00 | 0.34 | 5 | 0 | \$210,830.00 |
| 40. Kansas City Satellite #1 ³ | 1 | \$7,212,973.00 | 13.67 | 704 | 75 | \$5,519,387.00 |
| 41. Ripley County ³ | | | | | | |
| 42. Miller County ³ | | | | | | |
| 43. Marshall ³ | 1 | -\$29,134.00 | -26.71 | 232 | 0 | \$263,464.00 |
| 44. Madison Co./Iron Co./Fredericktown/Ironton/Pilot Knob ³ | 2 | \$1,467,906.00 | 9.67 | 34 | 0 | \$42,232.00 |
| 45. Windsor/Henry County/Pettis County ³ | | | | | | |
| 46. Kansas City Satellite #2 (Richard Gebaur) ³ | | | | | | |
| 47. Dallas County/Bufalo ³ | 1 | \$998,882.00 | -0.42 | 435 | 0 | \$379,036.00 |
| 48. Lewis County ³ | | | | | | |
| 49. Mississippi County ³ | | | | | | |
| 50. Morgan County ³ | | | | | | |
| 51. Marceline ³ | 1 | \$8,536,865.00 | 7.83 | 142 | 2 | \$462,380.00 |
| 52. Putnam County ³ | | | | | | |
| 53. Carthage ³ | | | | | | |
| 54. Vandalia | | | | | | |
| 55. Gasconade Valley | | | | | | |
| 56. Mexico | | | | | | |
| 57. Daviess County/Gentry County/Harrison County | | | | | | |
| 58. Aurora | | | | | | |
| 59. Kansas City Federal Enterprise Community | | | | | | |
| 60. St. Louis/Wellston Federal Enterprise Community | | | | | | |
| 61. East Prarie Federal Enterprise Community | | | | | | |
| 62. Clinton | 1 | \$858,802.00 | -0.09 | 2 | 1 | \$61,763.00 |
| 63. Independence | | | | | | |
| 64. Ava | 1 | \$25,398,633.00 | 37.33 | 93 | 0 | \$2,494,335.00 |
| 65. Independence Satellite | | | | | | |
| 66. Moberly | | | | | | |
| 67. Lamar | 1 | \$2,455,943.00 | 7.92 | 9 | 0 | \$32,757.00 |

| Enterprise Zone Number and Name | Number of Businesses | Net New Investment from Previous FY ⁴ | Net New Jobs ⁴ | Zone Residents ¹ | Special Employees ¹ | Total Credits Issued |
|--|----------------------|--|---------------------------|-----------------------------|--------------------------------|------------------------|
| 68. Camden County | | | | | | |
| 69. Fayette | | | | | | |
| 70. North St. Louis County | | | | | | |
| 71. Wright county | | | | | | |
| 72. Independence Satellite Zone II - Southeast | | | | | | |
| 901. St. Louis Midtown EZ in Federal Enterprise Community | 4 | \$1,315,607.00 | 20.83 | 2 | 6 | \$67,311.00 |
| 910. Wellston EZ in Federal Empowerment Zone | 1 | \$76,611.00 | -2.08 | 0 | 4 | \$6,000.00 |
| 917. Kansas City EZ in Federal Enterprise Community | 6 | \$70,571,153.00 | 54.01 | 74 | 10 | \$1,035,918.00 |
| 949. East Prairie EZ in Federal Enterprise Community | | | | | | |
| 959. Kansas City Federal Enterprise Community not in KC EZ | | | | | | |
| 960. St. Louis/Wellston Federal Zone not is St. Louis EZ | 1 | \$3,228.00 | 29.5 | 11 | 0 | \$55,648.00 |
| Totals: | 58 | \$160,777,145.00 | 228.71 | 2445 | 220 | \$15,194,162.00 |

¹ Indicates employees living in an area designated an enterprise zone

² Employees were eligible for MO General Relief program, Temporary Assistance Program, or were unemployed at least 3 months prior to being hired at the facility

³ Indicates zones expired (or terminated) as of June 30, 2008

⁴ Net new investment and net new jobs are calculated by comparing the previous year new investment and new jobs to current year new investment and new jobs for the receiving tax credits in FY2008.